The rules of the retail universe have changed

Being bigger than local competitors used to be enough to win. Today, the ever-expanding reach of companies like Amazon and Alibaba demands a different type of scale.

In the US, 30% of the sector’s profit pool is at risk.

Some retailers will thrive, some will fail

- **Ecosystem players**: These retailers, like Amazon and Alibaba, have vast, interconnected groups of consumers, retailers and services.
- **Scale fighters**: Bigger than traditional local market leaders, they have bought scale via M&A or borrowed through alliances.
- **Value champions**: These low-cost chains are evangelical about customer savings and are often growing by opening new stores.
- **Hitchhikers**: These smaller retailers use ecosystems or other retailers as a way of focusing only on their strengths.
- **Regional gems**: These retailers have deep customer connections and fine-tuned local knowledge, but face increasing threats from online players.
- **Legacy laggards**: They change incrementally and sometimes hit their targets, but often by closing stores, selling land and cutting costs.
- **Exciting but unsustainable innovators**: Often digital natives, these retailers delight customers and wow journalists, but make little to no profits.

WHAT ALL RETAILERS CAN DO

- Speed up and scale innovation
- Use data to automate more decisions
- Find fuel for technology investments
- Obsess over customer experiences
- Play to your strengths and prepare

Read more:

**The Future of Retail: Winning Models for a New Era**
[www.bain.com/future-of-retail](http://www.bain.com/future-of-retail)